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## THE ILLINOIS BUDGET

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While budgetry has been quite extensively discussed in Illinois during the last few years, it may still be said that there is a paucity of information on the subject. Much good, however, has resulted from the discussion, and the expenditure of public money is being studied by administrative officials, members of the legislature and the public with greater care than ever before.

The detailed budget as submitted to the legislature by the Legislative Reference Bureau at the convening of the Forty-Ninth General Assembly of Illinois was a distinct step forward. It met with the approval of the individual members of the legislature and its usefulness was manifested from the outset. Room for improvement, however, is plainly recognized. The demand for the budget authoritatively recommended by the executive that will embody all of the financial requirements of the state's service, and that can be enacted into law before the week of adjournment of the session seems general.

### *The Old Methods*

To discuss a budget understandingly, some thought should first be given to the methods of making appropriations formerly employed, and indeed not entirely discarded at the last session of the Illinois legislature. Heretofore, the heads of the several departments, including constitutional officers, heads of boards, bureaus, etc., and even such quasi-public officials as have jurisdiction over the several agricultural agencies, submitted their fiscal needs through the members of the legislature. When the appropriations committees were appointed, they took up the matter or appropriations with the department heads and sought to ascertain what moneys were required to conduct the departmental affairs until the expiration of the next biennium. The estimates as given by the department heads were generally based upon the amounts appropriated by the previous session and the experience of the

department. Little, if any, thought was given the question of how the money was to be actually spent. No classification of the amounts asked for was sought or disclosed. In most instances salaries were included in lump appropriations, generally containing but one or two items for the entire two years' work of each department. The requests usually were in excess of the amount appropriated by the preceding legislature, although the purpose of such an increase was seldom disclosed, except possibly that in a hearing before the appropriation committee the head of the department might personally explain why advances were necessary. The hearings were rarely attended by all the members of the committee and no record of the proceedings was kept which would afford the members of the committee who happened to be absent any specific information as to why changes were made. The disadvantages of the system consisted not only in the matter of granting unnecessary advances in appropriations in some cases but also in cutting down or in failing to advance allowances in other cases, due largely to whether the department head in presenting his request was persuasive and forceful in manner.

#### *The Practice as to the Charitable Institutions*

The Board of Administration, which has control of the eleemosynary institutions of the state, twenty in number, filed with the Appropriations Committees a statement of the requirements of the several institutions based on the *per capita* cost, together with requests for additions and betterments in the way of new buildings, acquisitions of land, etc. For the purpose of such statement a member of the Board of Administration, known as the Fiscal Supervisor, would, before the convening of the General Assembly, visit all the institutions and check up, so to speak, the estimates of the department heads, approving or disapproving according to the general policy of the board. The original estimate, however, of the department head, together with the fiscal supervisor's recommendation and the approval or disapproval of the Board of Administration would, after the convening of the General Assembly, be filed, and the needs of each institution set forth on a *per capita* basis. There were no detailed statements, such as scientific budgetary embodies, contained in the Fiscal Supervisor's report. Later on the appropriations committee would afford each institutional head a

hearing. Many times the superintendents of the institutions for the insane and the charitable wards of the state were obliged to leave the work of administering the affairs of these institutions to their subordinates and spend days and sometimes weeks waiting to appear before the appropriations committee in Springfield. These hearings were always informal and it will be conceded more or less perfunctory. Nothing in the way of uniform statements were required and frequently when details were offered, what would appear as indispensable for one institution might be lightly passed over as unnecessary when found in another report on account of the manner in which the request was made.

To quote a very eminent physician who for many years had charge of one of our hospitals, "the matter of securing adequate appropriations was a constant struggle, the best mixer got the best appropriations, but not until the legislature had adjourned would we really know what had been awarded the institutions." Owing to geography or other circumstances, the requests of some institutions were allowed even when the Board of Administration and the fiscal supervisor had disapproved of certain items, while other allowances were not granted even when the approval of the board and the sanction of the fiscal supervisor had been given. The same discomforts that the institutional heads had to undergo were more or less the experience of the heads of most of the other departments. Their requests were frequently presented to the appropriations committees, or at least found embodiment in the omnibus bill, as the general appropriation bill is popularly known, through the good offices of a friendly representative. Under such a system expenditures were not, of course, compared with the probable revenues that would accrue for the same period for which appropriations were to be made. Such conditions naturally tended to increase expenditures and were ill-calculated to guard against unnecessary appropriations. Lack of responsibility, or rather a failure to place responsibility, was the chief weakness of the system.

#### *Logical Result*

Considering the very meager data that the appropriations committee was able to assemble and the still more meager information it was able to impart to the members of the legislature, and realizing that the completed bills were seldom presented until the

closing days, more often the closing hours of the session when the members were tired out from sittings lasting perhaps six months it is not strange that there was little inclination to question the recommendations of the committee. In fact, the general attitude of the assembly necessarily was manifested in a strong desire to wind up its affairs, pass the appropriation bills and go home. The logical and inevitable result was unsatisfactory appropriations. The riotous scenes that were sometimes pictured in the press as marking the closing days of the session, when millions of dollars were appropriated amid scenes of levity, were largely the result of this lack of system. The method in vogue encouraged the members to leave the adjustment of the state's fiscal difficulties to the next general assembly which would in turn continue to make appropriations upon the same haphazard basis, ending by imposing a similar burden upon the succeeding general assembly. The appropriations as passed by the Forty-Eighth General Assembly in 1913 were \$39,045,457.93 of which the Governor vetoed \$1,130,000. The amounts appropriated by the Forty-Ninth General Assembly which has just adjourned were \$48,336,297.52, the Governor vetoing \$2,322,096.42.

### *The Budget Movement*

In the movement for system in governmental expenditures federal and state executives have urged the adoption of the budget system and pointed out the desirability of having the fiscal condition of the state fully presented to the legislatures when they convene. They have also urged that responsibility for the budget be placed upon some certain officer, usually the Governor, or appropriate department so that all of the fiscal data necessary might be collated and submitted to the legislature with adequate explanations and recommendations. The advantages of such a system may naturally be expected to flow more from the proper direction and application of the public funds than from the reduction of appropriations. Liberal, unrestricted appropriations make for extravagance while systematic application and administration of the same funds would produce valuable results and prevent useless expenditures. There may never come a time in this or in any other commonwealth when the cost of maintaining its institutions will permit a reduction in the appropriations, but this state and all other states will, no

doubt, find means of getting more for their money. It is not so much the amount of money spent but rather the manner and purpose of such expenditures that is important. If this information, together with a fairly accurate estimate of the income of the state, be placed before the legislature, appropriations may be made on a scientific basis. As officers and departments become familiar with the system their requests when based upon an audit which will disclose conditions, and an accounting that will exhibit the cost of maintenance, should require but little modification other than the fitting of expenditures to income.

### *The Illinois Situation*

The method of financial legislation in Illinois previous to the Forty-Ninth General Assembly was as full of confusion and as unsystematic as that of most of the other states. The difficulty was so well recognized that the previous legislature adopted an act creating the Legislative Reference Bureau and assigning to that bureau the duty of preparing, printing and distributing a detailed budget for the use of the General Assembly. This budget was to be made up of the requested appropriations which the officers of the several departments of the state government reported to the bureau as required for the biennium for which appropriations were to be made, together with a comparative statement of the sums appropriated by the preceding general assembly for the same purposes. Several months before the legislature convened, the bureau set about to comply with the new enactment. So far as a comparative statement was concerned, this was a rather difficult matter for the reason that most of the previous appropriations had been in lump sums or limited to very few amounts. There was no itemization as to personal services and the moneys that were placed at the disposal of the Board of Administration for the conduct of the charitable institutions of the state were upon the basis of ordinary operating expenses, ordinary repairs and improvements, and ordinary care and improvements of grounds with a special appropriation of over two and one-half millions for a variety of items. These were principally in the nature of additions and betterments, such as an employees' building at the Elgin State Hospital requiring \$26,000, a cow barn at Kankakee, \$15,000, a contagious disease building, \$10,000, a coal shed at Jacksonville, \$6,000, a building for women

employees at Watertown to cost \$50,000. There were no supporting statements in itemized form showing just how these amounts were arrived at and no means that the legislature could conveniently employ to ascertain the necessity for these expenditures or, for that matter, to know that these amounts were adequate for the purpose intended. It should be said, however, that the General Assembly made no mistake in complying with the requests of the Board of Administration, whose efficient management of the different state institutions under its direction is generally recognized.

### *The Babel of Bills*

There were ninety-three appropriation bills enacted by the Forty-Eighth General Assembly. One, known as the "State Officers' Roll," was in the amount of \$2,600,000, to pay the salaries of the state officers and the officers and members of the next General Assembly. Under the constitution this bill must contain no other appropriation or provision. As to this particular bill members of the legislature may or may not have known how the amount was arrived at, who were the state officers or what the rates of compensation were. A bill in chancery is now pending in the Circuit Court of Sangamon County raising some of these questions. The omnibus bill, to provide for the ordinary and contingent expenses of the state government, carried appropriations for ninety-seven different departments and purposes with only a meager itemization of the amounts for salaries, equipment, supplies, etc., and the appropriations were generally made in a lump sum. Comparison, therefore, of estimates as required for the present fiscal period with appropriations for the same purpose made two years before was virtually impossible.

The task of constructing a budget was further complicated by the fact that accounting in the different departments and institutions of the state was not conducted on any uniform basis. The methods employed were generally evolved with the economic and financial development of the different departments and institutions. While it would perhaps be impossible to find a single department head who would admit that the method employed in his department produced inefficiency, permitted dishonesty or tended to waste,—and possibly, the means employed were adequate for the individual department,—the fact remains that accounts were not standardized.

There was no standard system of keeping accounts and no uniformity,—at least none was disclosed that would enable the members of the legislature, during the short period of a legislative session, to ascertain costs and become familiar with classifications and other matters necessary to intelligent action.

### *The Visiting Committees*

In order to familiarize themselves to some extent with the conditions at the state institutions, the expedient was adopted of appointing a committee of legislators to visit the different institutions. Such tours of inspection were necessarily hurried and while, no doubt, valuable as a matter of regulation, were, perhaps, not very satisfactory as a method of arriving at financial needs. Such visits and the hearings alluded to were, however, the only means of information the legislators had.

### *The New Way*

Illinois, by the act of 1913, providing for the preparation of a budget, has enabled the legislature to avoid the difficulties above mentioned, to have estimates examined with care and deliberation and to become conversant with the necessity for and purpose of appropriations as well as to make at least some comparison between expenditures and income.

It is not to be inferred that the General Assembly has abdicated or surrendered any of its powers over appropriations. It has simply perpetuated its activities. The Legislative Reference Bureau is merely an arm of the legislature designed to pursue part of its work even though the legislature be not in session. Heretofore, with the exception of the case of special committees or commission, the legislature died with *sine die* adjournment. Now it has permanence and perpetuity in the Legislative Reference Bureau which is composed of the chairmen of the appropriations and judiciary committees of each house with the Governor as chairman. Much of the work of collecting, compiling, classifying and comparing appropriations that heretofore devolved upon the appropriation committees and had necessarily to be hastily done, admitting of but superficial examination may now be done with care and deliberation by appropriate agents or representatives authorized to act as a bureau for that purpose.



Of course, the General Assembly is in no way bound by the bureau. It is at liberty to ignore anything or everything done by it, but it is equally at liberty to make use of all or any part of the bureau's work and of any and all data, kept on file by the bureau. On all obscure or controverted points such data within immediate reach of the legislature is obviously of great value.

### *The Budget in the Making*

In taking up the work, the Legislative Reference Bureau prepared a budget classification and rules of procedure for the convenience of the officers and heads of the several departments in filing estimates of appropriations which their departments required. Classification under the following general heads was suggested: "Salaries and Wages," "Supplies," "Equipment," "Material," "Contract and Open Order Service," "Additions and Betterments," and "Fixed Charges and Contributions."

In trying to effect the standardization of salaries so far as appropriations were concerned, it was endeavored to have the estimates show the present rates of salaries, to distinguish between new positions, to show, where possible, the classification of the state civil service commission as it effected salaries and wages, to include full or partial maintenance at institutions if allowed, and to indicate whether compensation was on a per diem basis or of a temporary nature.

"Supplies" was subdivided into food supplies, veterinary supplies, fuel supplies, office supplies, etc.

"Equipment," into office equipment, household equipment, medical and surgical equipment, live stock equipment, general plant equipment, etc.

"Material" was construed to include articles of every nature used in the reconstruction or repair of property.

"Contract or open order service," to include repair items, transportation, traveling expenses, expressage, communication, etc.

"Additions and Betterments," to include such estimates as were for new buildings or permanent improvements, etc.

"Fixed Charges and Contributions" was intended to cover appropriations to the different agricultural agencies such as the horticultural societies, beekeepers' associations, etc., and also to premiums for state fairs; rewards for the apprehension of fugitives from justice.

*Classification, Difficulties*

From the first it was apparent that the classification would have to be very general and that the matter of obtaining anything approaching an accurate estimate of the requirements of the different departments would have to be worked out with much patience and care and with the active coöperation of the different department heads. The estimates were filed with the bureau sixty days prior to the convening of the General Assembly.

In instances modification and re-classification were necessary and much correspondence with the departments and institutions was required before the estimates could be sent to the printer. Nevertheless, the budget was ready in time for the legislative session and every member of both houses had a complete copy for use during the entire session. While the law imposed no specific duty as to showing receipts or probable income for the period for which appropriations were to be made, such a statement was included. How nearly the budget compared with the actual appropriations may be seen from the following figures:

The total amount of departmental estimates was \$45,404,602.30; the total amount appropriated was \$48,336,297.52; of this amount as shown before, the Governor vetoed \$2,322,096.42, leaving the net appropriated amount \$46,014,201.10.

Much difficulty was experienced in trying to induce the department heads to adopt the classification submitted, especially the item as to salaries and wages. Some of the departments have on their present rolls, clerical and stenographic help, the salaries for which have been fixed by statute, and the custom has been to include such employees in the so-called state officers' pay roll. In the itemization of these positions, in some instances, increases in salaries were requested, and although it was obvious that no change could be made in the rate of compensation, unless authorized by law, nevertheless estimates were filed providing for these increases. The printed budget or detail of estimates specifically revealed this complex situation. Sometimes several lines were necessary in order to make the exhibit intelligible, and as for comparison with previous appropriations, which were usually made in lump sums, that was almost impossible.

Our classification, as above stated, was very broad. We presumed that many articles would be shown in the estimates, not

covered by our classification, but not in a single instance do I recall that any items were submitted other than those enumerated in the classification. Requests for supplies, material, equipment, etc., required considerable revision in the bureau before submission to the legislature but for a first attempt a very good showing was made. Additions and betterments, or estimates for new buildings, contained practically no information as to why the expenditure was necessary or how the amount requested was arrived at and there were no supporting statements or drawings from architects or engineers.

Most of the department heads seemed to fear that if the appropriations were made upon the basis of the estimate as filed, a great hardship would be heaped upon them and that they would be unable to exercise properly the functions of their several offices. They felt that no elasticity would be permitted and that the system was too rigid; that it was impossible to predict the needs of the departments for a two year period, and that inasmuch as no voucher classification scheme had ever been adopted, there were no means of comparing the estimates with past expenditures. Later when hearings of the appropriation committees were held this argument seemed to hold good because the appropriations were enumerated in the bills in a lump fashion, or many of the items were grouped, which permitted the elasticity so much desired by the departments.

### *Budget Disclosures*

The budget, however, did have the effect of revealing the lack of uniformity, both in compensation that existed in the different departments and in matters of accountancy. It also disclosed the lack of co-relation in the different departments, particularly the duplication of functions.

Included in the budget or detailed estimates was a statement showing the income for the last fiscal year and the probable income for the next biennium. This was based upon the revenue that would accrue from the present property valuation and tax rate and also from sources other than the general property tax, such as fees, licenses, etc.

A summary of the estimates for each department was also included. Where an itemization for salaries and wages did not follow the classification which we submitted, the monthly pay roll was printed as a matter of information. All in all, the legislature at

its convening had for the first time a fairly adequate idea of the fiscal needs of the state.

In his message to the Assembly, the Governor, while urging strict economy, called attention to the budget or detailed estimates that would be filed by the Legislative Reference Bureau. It was the first attempt made by any Governor to comply with the constitutional provision which requires that he shall, at the commencement of each regular session of the General Assembly, present estimates of the amount of money required to be raised by taxation for all purposes. Perhaps this was more or less impossible heretofore especially with a new Governor, but the organization of this bureau seems to be ideal so far as this situation is concerned.

Many suggestions might be offered in the way of betterment, but most of the improvement that may be attained will have to be worked out along conservative lines with much patience and education, avoiding at all times usurping the prerogatives of the committees of the General Assembly, composed of the duly elected representatives of the people. Any assistance that the bureau may render in the way of preparing a scientific budget should always be considered as information furnished, never as a policy or in the spirit of dictation or suggestion.

Centralized authority is being generally advocated in the matter of submitting estimates and locating responsibility for appropriations. The Illinois method seems to provide both. This bureau is practically a continuing committee of the legislature. The Secretary and employees of the bureau are mere clerks for the General Assembly, engaged during the recess period in accumulating data and information for the use of that body when in session, and for the individual members, state departments, and the public, upon request.

Under this system the Governor, the Assembly, and the bureau can coöperate with the result that estimates may be submitted with harmony and a complete understanding. The guessing element that so largely enters into the making of appropriations should be eliminated as much as possible. There can be no scientific budget that is formulated upon mere speculation. The department heads should know, if there is any one that can know, just what the needs of their departments will be. When that knowledge is properly presented there should be no desire upon the part of the legislature to change the estimate, if the fiscal condition of the state will permit the expenditure.

With very little change in the present statute the work of the appropriations committee of both houses can be greatly reduced. The budget submitted by the bureau can truthfully be said to have originated in the General Assembly. Hearings on appropriations are unnecessary, unless the appropriations are questioned, or where some unlooked-for contingency may arise. Public hearings on the budget are desirable and this with the proper presentation of estimates should make for economy and promote efficiency in every department. Perhaps there will never come a time when the cost of state government can be materially reduced. The greatest saving that can be attained will necessarily have to come through efficient management.

Limiting expenditures to an itemized appropriation is one way of attaining efficient administration, providing that the itemization is based upon an accurate statement of the needs of the department. It might require years, especially in institutions, to work out such details scientifically. In the meantime perhaps only an itemization of salaries and wages should be insisted upon while supplies, material, etc., should not be too minutely itemized. For additions and betterments such as new buildings, etc., full details should be required.

The question of funding the budget is not provided for at present, excepting the constitutional requirement imposing upon the Governor the duty of presenting estimates of the amount of money required to be raised by taxation for all purposes. A scientific budget should include a carefully prepared statement of estimates properly classified with supporting statements for all items that need consideration. A comparison of estimates should be made with past expenditures; the lapses and the balances in every fund should be included, and these data coupled with a statement as to the probable income should furnish adequate information to the legislature. With the exception of the state officers' roll, which in Illinois must be in a separate bill, all of the needs of the different departments might be provided for in one bill.

It is one thing to theorize on how to spend public money and safeguard the public interest, but it requires a practical understanding and much experience in order to effect even a small saving. Some desirable things have already been accomplished in Illinois; with diligence and patience much more will be attained.